

Message Text

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ACTION EB-08

INFO OCT-01 AF-08 EUR-12 ISO-00 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SIL-01 SP-02 OMB-01 TRSY-02 /046 W

-----021406Z 024729 /41

R 011427Z APR 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 252

INFO AMEMBASSY ACCRA

AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: ELAB, ECON, NI

SUBJECT: ANNOUNCEMENT OF MARGINAL WAGE INCREASE

1. HEAD OF STATE ANNOUNCED IN BUDGET SPEECH MARCH 31 (OTHER ASPECTS REPORTED SEPTELS) THAT THERE IS QTE NO JUSTIFICATION FOR GENERAL INCREASE IN SALARIES AND WAGES IN THE NEW YEAR UNQTE. WORKERS IN BOTH THE PUBLIC AND PRIVATE SECTORS EARNING BELOW 3,000 NAIRA A YEAR ARE TO BE GRANTED MAXIMUM INCREASE OF SEVEN PERCENT. SALARIES ABOVE 3,000 NAIRA ARE TO REMAIN FROZEN.

2. LOWEST-PAID WORKERS WILL GET FULL SEVEN PERCENT; THOSE EARNING JUST

UNDER 3,000 NAIRA WILL RECEIVE INCREASE OF ONLY ONE AND A HALF PERCENT

NO RPT NO INCREASES ARE TO TAKE EFFECT BEFORE JUNE 1, AND ALL MUST BE APPROVED BY COMMISSIONER FOR LABOR WHO WILL BE ISSUING WAGE "GUIDELINES".

3. COMMENT: NIGERIAN WORKERS, WHOSE WAGES HAVE BEEN FROZEN FOR NEARLY A YEAR, WILL NOT TAKE KINDLY TO FMG'S MISERLINESS. WILDCAT STRIKES AND CONTINUED LABOR UNREST ARE VIRTUAL CERTAINTIES, ALTHOUGH WITH OLD UNION LEADERSHIP BANNED AND NO NEW LEADERS CHOSEN, THE NATIONAL UNIONS ARE IN A WEAK POSITION AND FMG WILL HAVE

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EASIER TIME CONTROLLING THE SITUATION.

4. FOLLOWING STANDARD INFLATION-FIGHTING DOCTRINE, FMG ARGUES THAT WAGE INCREASES SHOULD NOT EXCEED INCREASES IN PRODUCTIVITY. IT LEAVES UNANSWERED QUESTION OF HOW WORKERS ARE TO MAKE ENDS MEET WHEN PRICES ARE RISING 30-40 PERCENT OR MORE A YEAR, NOT SEVEN PERCENT.

5. OBASANJO WARNED THAT WAGE INCREASE SHOULD NOT BE USED AS
EXCUSE FOR GENERAL UPWARD ADJUSTMENT OF PRICES. NEVERTHELESS,
MARKET WOMEN CAN BE EXPECTED MARK UP THEIR PRICES VERY SHORTLY
IN ANTICIPATION OF JUNE 1 LIFTING OF WAGE FREEZE. BY TIME
PAY HIKES BECOME LEGAL, PRICE HIKES MAY ALREADY HAVE NULLIFIED
THEM. END COMMENT.
CROSBY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUDGETS, SPEECHES, WAGE CONTROLS
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LAGOS03668
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770114-0772
Format: TEL
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770499/aaaadai.tel
Line Count: 70
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 067c07ac-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2928722
Secure: OPEN
Status: NATIVE
Subject: ANNOUNCEMENT OF MARGINAL WAGE INCREASE
TAGS: ELAB, ECON, NI
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/067c07ac-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009